GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4602
ANSWERED ON:25.04.2008
LOANS TO SMALL ENTREPRENEURS BY SIDLI
Patle Shri Shishupal Natthu

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has prepared a draft proposal for providing easy loans to small entrepreneurs through SIDBI as reported in `Dainik Jagran` dated March 12, 2008;

(b) the number of small entrepreneurs granted such loans by SIDBI during the last three years;

(c) whether the burden of debt and lack of profits have faced some of the said entrepreneur to shut down their industries; and

(d) if so, whether the Government are contemplating to waive loans of such entrepreneurs ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Small Industries Development Bank of India (SIDBI) has a mandate for financing, both Indirect (Refinance) and Direct, and promotion & development of Micro, Small and Medium Enterprises (MSMEs). SIDBI has traditionally been a refinancing institution, providing resource support in the form of term loans/ line of credit to Primary Lending Institutions (PLIs). In order to cater to various types of credit needs of the MSMEs, SIDBI has started directly offering various financial products and services, more particularly in the clusters since FY 2005. The Bank`s support to the MSME sector is being provided through the present network of 73 retail branches as on March 31, 2008 covering around 214 SME clusters. The number of MSMEs which have availed loans from SIDBI under the direct finance scheme during the last three years and the loan amount are given below:

Year	No. of SSIs	Amount (Rs. Cr.)
2005-06	1104	2440
2006-07	1480	3452
2007-08	1869	4182

(c) & (d): SIDBI has reported that the major problems adversely affecting the production and profitability of the MSMEs are, inter alia, lack of orders, technological obsolescence, managerial deficiency and non-availability of inputs on timely, adequate and cost effective manner. As a result, the units become defaulters to their bankers/ creditors.As on December 31, 2007, 123 sick MSMEs units assisted by SIDBI under the direct finance scheme were closed down.In order to address the problems of sickness, SIDBI has taken various steps such as rehabilitation of potentially viable sick small scale industrial (SSI) units, restructuring of loans, refinance scheme for rehabilitation of sick SSI units, relief and concessions by way of funding of interest and waiver of penal dues, etc.